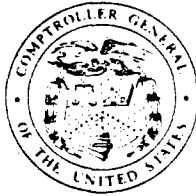


DECISION



THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D. C. 20548

50955
97511

FILE: B-183649

DATE: September 17, 1975

MATTER OF: Hughes Helicopters

DIGEST:

Although contracting agency admits that various awards made for helicopter services, as well as method of cost evaluation, were erroneous, awards should not be disturbed since Forest Service represents complete disruption of current fire season plans will occur. In view of advice by Forest Service that erroneous contracts will not be renewed, it is assumed that, in procuring services for next fire season, proper cost evaluation criteria will be established to assure valid minimum needs will be obtained at lowest possible cost. Separate letter to Secretary of Agriculture.

Invitation for bids (IFB) No. R4-75-30 was issued by Region 4 of the United States Forest Service for the procurement of helicopter services for bases in various national forests. Awards for each base were made in June 1975 for a period of 1 year with renewal rights for two additional years on a year-to-year basis. The contract awards were based on an evaluation of the cost required to perform a single initial attack mission on each base rather than the total cost of the aircraft for the contract period. Bids offering the Hughes Helicopters (Hughes) model 500C were rejected as nonresponsive because the Forest Service determined the helicopter did not meet the minimum performance requirements of the IFB.

Hughes protests the method and correctness of the evaluation of bids which resulted in awards on various bases to operators of Bell Helicopter Co. (Bell) model 206B. In its reply to the Forest Service report on the protest to our Office, Hughes states:

"Region 4 states (page 2, paragraph 1) that bids offering the Hughes Model 500C were not considered responsive as the helicopter does not meet the minimum performance requirements of the IFB. Region 4 attached Exhibits No. 5 and 6 showing calculations of allowable payload upon which the above conclusion is based. The Region 4 calculations are in error in several respects and corrected calculations show that the 500C will actually carry more payload HIGE than the 206B under the conditions of altitude and temperature specified.

"The principal error made by Region 4 is in the calculation of maximum computed gross weight. Region 4 neglected to account for the effects of extended gear on the 206B which reduces its maximum computed gross weight by 120 lbs. Region 4 also has not used the latest FAA approved revision of the 500C flight manual which results in a higher 500C maximum computed gross weight of 80 lbs. Corrected calculations are shown in Column B of Attachments 1 and 2 using Region 4's values for helicopter equipped weight.

"Hughes believes that Region 4 has also erred in their calculations of helicopter equipped weight. If, to the standard configurations of the 500C and 206B, the special equipment of cargo hook, inertia reels, particle separator filter, and extended landing gear are added, and in addition to the 500C two cargo racks are added--the equipped weight for the 500C is 1312 lbs. and for the 206B is 1629 lbs. Using these revised equipped weights, the 500C payload is 573 lbs. and the 206B payload is 562 lbs. These calculations are shown in Column C of Attachments 1 and 2. Thus either using the Region 4 empty weights or the Hughes calculated equipped empty weights, the payload of the 500C is larger. The above calculation errors were previously pointed out to Region 4 by telegram on 19 March 1975, Attachment 3.

"Region 4 utilizes cost per single helitack mission as the final criteria for selecting helicopters. This cost is simply the product of the time to reach the fire and the Bidder's Flight Rate. We question the calculation. We believe that cost per helitack mission is not the controlling cost criteria, particularly in view of the many other important factors that should be considered. Region 4 presents an example of a helitack cost analysis (page 4)

in which the Bell helicopter was bid at an hourly rate of \$425 and the Hughes helicopter was bid at an hourly rate of \$267. Since Region 4 guarantees 180 hours per season at this base, the Bell helicopter will cost Region 4 at least \$28,440 more for the season. Even if the calculation approach were correct, the computed single helitack mission cost is \$235.98 for the Bell and \$254.27 for the Hughes, a difference of \$18.29. This is negligible compared to the difference in season cost."

In response to the above, by letters dated July 18 and August 6, 1975, the Forest Service submitted, in pertinent part, the following comments:

"The Hughes computations are generally correct as shown in their letter. Region 4 inadvertently overlooked the effect of the high skid landing gear.

* * * * *

"As stated in the previous report, Region 4 inadvertently overlooked the effect of the high skid landing gear. As a result, the Region awarded seven of eight items for aircraft which did not meet contract specifications for internal payload capacity.

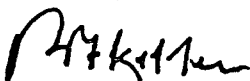
"Due to the urgency of the current fire season, we could not terminate the contracts at this time without completely disrupting the Region's fire plans. However, we will not renew those contracts which were erroneously awarded and will solicit new bids before next fire season."

The Forest Service further advises that, in view of its belief that the Hughes calculations are correct, future procurements for these services will consider the total cost of the aircraft for the contract period.

Although the various awards made by the Forest Service were admittedly erroneous, we do not believe that the awards should be disturbed because of the Forest Service's representation that termination of the contracts will completely disrupt the region's current fire plans.

B-183649

In procuring its helicopter services for the next fire season, we assume that the Forest Service will establish proper cost evaluation criteria to assure that the valid minimum needs of Region 4 will be obtained at the lowest possible cost. This matter is being brought to the attention of the Secretary of Agriculture by letter of today.


Deputy Comptroller General
of the United States